

Message Text

SECRET

PAGE 01 RANGOO 02525 01 OF 02 060856Z

11
ACTION EA-14

INFO OCT-01 NEA-14 ISO-00 IO-14 CIAE-00 DODE-00 PM-07 H-03

INR-11 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03

SS-20 USIA-15 AID-20 EB-11 COME-00 TRSE-00 AGR-20

DRC-01 LAB-06 SIL-01 SNM-02 DEAE-00 /179 W
----- 047093

R 060535Z SEP 74
FM AMEMBASSY RANGOON
TO SECSTATE WASHDC 8463
INFO AMEMBASSY BANGKOK
AMEMBASSY DACCA
AMEMBASSY VIENTIANE
AMCONSUL HONG KONG
USLO PEKING
CINCPAC HI

S E C R E T SECTION 1 OF 2 RANGOON 2525

E.O. 11652: GDS
TAGS: PFOR PINT BM US
SUBJ: QUARTERLY ASSESSMENT OF TRENDS AND DEVELOPMENTS - BURMA

REF: RANGOON 1510

1. SUMMARY. LABOR UNREST, INFLATION, UNUSUALLY SEVERE FLOODS, AND ECONOMIC DETERIORATION HAVE COMBINED TO PRESENT MOST SERIOUS CHALLENGE WHICH GUB HAS FACED SINCE IT SEIZED POWER IN 1962. ITS ATTEMPTS TO MEET THIS CHALLENGE HAVE BEEN HESITANT AND LARGELY INEFFECTIVE, AND WE DO NOT EXPECT MUCH IMPROVEMENT UNLESS THERE IS A CHANGE IN LEADERSHIP. GIVEN THE REGIME'S CONTINUING MONOPOLY OF ARMED FORCE AND THE ABSENCE OF ANY VIABLE ALTERNATIVE LEADERSHIP, HOWEVER, GUB HAS BETTER THAN AN EVEN CHANCE OF SURVIVAL. THESE DEVELOPMENTS DO NOT SEEM LIKELY TO AFFECT BURMA'S NEUTRAL FOREIGN POLICY. WHILE A CHANGE IN LEADERSHIP, ECONOMIC REFORMS AND AN ACCELERATION OF BURMA'S "OPENING TO THE WEST" WOULD PROBABLY BENEFIT LONG-RUN US INTERESTS (VIZ., NONDISCRIMINATORY

SECRET

SECRET

PAGE 02 RANGOO 02525 01 OF 02 060856Z

ACCESS TO BURMA FOR MUTUALLY PROFITABLE INTERACTION), TRENDS UNDER

PRESENT CONDITIONS ALSO DO NOT THREATEN ANY SIGNIFICANT U.S. INTERESTS; WE THUS FAVOR CONTINUED U.S. POLICY OF SYMPATHETIC NON-INVOLVEMENT IN BURMA'S ECONOMIC AND POLITICAL WOES. END SUMMARY.

2. A SERIES OF DEVELOPMENTS IN PAST THREE MONTHS HAVE COME AS BLOWS TO GUB AND HAVE COMBINED TO PRESENT IT WITH MOST SERIOUS CHALLENGE SINCE IT TOOK POWER. INFLATION AT PROBABLY 20-25 PERCENT A YEAR IS CONTINUING, STRIKING MOST SEVERELY AT LOWER-INCOME URBAN GROUPS, WHOSE PLIGHT WAS CRITICALLY WORSENER BY INADEQUACY OF GOVERNMENT-SUBSIDIZED RICE RATION SYSTEM. AS A RESULT, WIDESPREAD AND LARGELY SPONTANEOUS SERIES OF STRIKES AND LABOR DEMONSTRATIONS OCCURRED IN MAY AND EARLY JUNE AND WERE SUPPRESSED BY ARMY GUNFIRE WITH MORE THAN 20 PERSONS KILLED AND 70 WOUNDED. WORKERS REMAIN EXTREMELY DISCONTENTED; ALTHOUGH SPECIFIC INCIDENTS HAVE BEEN FEW AND UNIMPORTANT IN THEMSELVES, PRODUCTIVITY HAS FALLEN TO A NEW LOW. MORE IMPORTANTLY, WORKERS HAVE LEARNED THAT IT IS WITHIN THEIR POWER TO APPLY SUBSTANTIAL PRESSURE TO GUB THROUGH MASS ACTION. THEY CAN OF COURSE BE SUPPRESSED BY FORCE, BUT THERE IS FRAGMENTARY EVIDENCE THAT DURING JUNE DISTURBANCES A FEW OFFICERS AND TROOPS HESITATED (DANGEROUSLY, FROM THE REGIME'S POINT OF VIEW) BEFORE DOING SO. THE ARMY IS FAR BETTER LOOKED AFTER THAN URBAN WORKERS, BUT IT CAN UNDERSTAND EVEN IF IT DOES NOT WHOLLY SHARE THE WORKERS' GRIEVANCES. NEW UPRISINGS ARE THUS A POSSIBILITY AND CONCEIVABLY, BUT NOT LIKELY, ELEMENTS OF THE ARMED FORCES MIGHT JOIN THE ACTION.

3. ATTEMPTS TO ALLAY INFLATION AND PUBLIC DISCONTENT BY STEPPING UP IMPORTS OF CONSUMER GOODS HAVE BEGUN, HELPED BY A RECENT SIZEABLE INCREASE IN FOREIGN EXCHANGE RESERVES AND APPARENT WILLINGNESS OF A NUMBER OF AID DONORS -- E.G., JAPAN, THE PRC, AND AUSTRALIA -- TO CONTRIBUTE TO BAILING THE GUB OUT OF ITS DIFFICULTIES. GIVEN THE INEFFICIENCY OF THE BURMESE DISTRIBUTION AND TRADE SYSTEM, HOWEVER, IT IS DOUBTFUL HOW MUCH THESE IMPORTS WILL BE ABLE TO DO TOWARD CONTROLLING INFLATION. MOREOVER, OTHER GUB EFFORTS TO CHECK ECONOMIC DETERIORATION HAVE BEEN MINOR OR NON-EXISTENT, WITH GUB LEADERS STILL CONCENTRATING MOST OF THEIR TIME AND ENERGY TO TINKERING WITH THE COMPLICATED POLITICAL MACHINERY OF THE NEW GOVERNMENT STRUCTURE AND THE BSPP.

SECRET

SECRET

PAGE 03 RANGOO 02525 01 OF 02 060856Z

4. BURMA'S ECONOMIC PROBLEMS HAVE NOW BEEN COMPOUNDED BY THE WORST FLOODS IN A GENERATION. ASIDE FROM THE IMMEDIATE DISTRESS, LONGER RUN ECONOMIC EFFECT IN TERMS OF LOSS OF AGRICULTURAL PRODUCTION CANNOT YET BE ASSESSED. HOWEVER, IT SEEMS LIKELY THAT AT THE VERY LEAST THE FLOODS WILL WIPE OUT ANY 1975 RICE EXPORT SURPLUS, AND IN THE WORST POSSIBLE CASE THERE COULD BE A SHORTFALL OF SEVERAL HUNDRED THOUSAND TONS OF RICE IN BURMA'S ABILITY TO FEED ITSELF-- EVEN IF FARMERS IN THE NON-FLOODED AREAS COOPERATE IN SELLING THEIR

PADEY TO THE GUB, WHICH THEY WILL NOT, IN SPITE OF CONTINUING DIRE THREATS FROM THE LEADERSHIP. TO MAKE MATTERS WORSE, THE MOST HEAVILY AFFECTED AREAS, WHERE THERE IS LIKELY TGMEE GREAT HARDSHIP IN THE COUNTRYSIDE, ARE THOSE BETWEEN RANGOON AND PROME, WITH A HISTORY OF TURBULENCE AND DISCONTENT, EASILY ACCESSIBLE FROM AND TO THE CAPITAL.

5. THE LONG-STANDING PROBLEM OF INSURGENCY IS ONE MORE SIGNIFICANT DRAIN ON BURMA'S DEPLETED ECONOMIC RESOURCES AND ANOTHER DISTRACH-I ON FOR ITS LEADERS. HOWEVER, NOT EVEN BURMA COMMUNIST PARTY NORTHEAST COMMAND (BEST-ORGANIZED AND MOST IMPORTANT OF INSURGENT GROUPS) CONSTITUTES ANY IMMEDIATE THREAT TO GUB SURVIVAL. DURING PAST QUARTER BCP PRESSURE APPEARS TO HAVE DIMINISHED SLIGHTLY, AND BCP SUCCESSES HAVE BEEN MORE THAN OFFSET BY GOVERNMENT GAINS. THERE IS BEGINNING TO BE SOME EVIDENCE OF BCP EFFORTS IN 1973-74 TO IMPROVE POLITICAL AND ORGANIZATIONAL INFRASTRUCTURE AND TO "BURMANIZE" ITSELF BY REDUCING PRC DIRECT INVOLVEMENT AND INCREAS- ING THAT OF GROUPS INDIGENOUS TO BURMA. IMMEDIJWTE RESULT OF THIS TREND MAY BE TO REDUCE BCP MILIHORY THREAT SOMEWHAT, BUT IN LONG RUN IMPROVED POLITICAL INFRASTRUCTURE MAY MAKE IT MUCH MORE DAN- GEROUS ENEMY TO GUB.
OSBORN

SECRET

NNN

SECRET

PAGE 01 RANGOO 02525 02 OF 02 061117Z

12
ACTION EA-14

INFO OCT-01 NEA-14 ISO-00 IO-14 CIAE-00 DODE-00 PM-07 H-03

INR-11 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03

SS-20 USIA-15 AID-20 EB-11 COME-00 TRSE-00 AGR-20

LAB-06 SIL-01 DRC-01 SNM-02 DEAE-00 /179 W

----- 048368

R 060535Z SEP 74
FM AMEMBASSY RANGOON
TO SECSTATE WASHDC 8464
INFO AMEMBASSY BANGKOK
AMEMBASSY DACCA
AMEMBASSY VIENTIANE
AMCONSUL HONG KONG

USLO PEKING
CINCPAC HI

S E C R E T SECTION 2 OF 2 RANGOON 2525

6. LOGICALLY, THIS ACCUMULATION OF PROBLEMS SHOULD FORCE EITHER A CHANGE IN THE REGIME OR A CHANGE IN ITS POLICIES, TOWARD MORE RATIONAL, EFFICIENT, AND OUTWARD-LOOKING ECONOMIC POLICY, AND TOWARD A RESTORATION AT ALMOST ANY COST OF THE DISINTEGRATING ADMINISTRATIVE SYSTEM, WEAKENED BY SOCIALIST EXPERIMENTATION AND BY POPULAR DISLIKE FOR THE REGIME. IN PRACTICE, THINGS DO NOT NECESSARILY WORK THAT WAY IN BURMA. THE GUB RETAINS A MONOPOLY OF ARMED FORCE (WITH THE QUALIFICATION STATED ABOVE, PARA 2) AND A FIRM CONTROL OVER INFORMATION MEDIA; NO ALTERNATIVE LEADERSHIP IS READILY AVAILABLE NOR IS THERE ANY OBVIOUS VEHICLE BY WHICH ANY COULD EMERGE. THUS THERE IS BETTER THAN AN EVEN CHANCE THAT THE PRESENT REGIME WILL BUMP ITS WAY ALONG ROCK BOTTOM FOR THE NEXT YEAR OR TWO, IN SPITE OF GROWING ECONOMIC DISTRESS. BUT THE ODDS IN FAVOR OF ITS SURVIVAL HAVE SHORTENED.

7. IF THE REGIME DOES NOT SURVIVE UNCHANGED, WE SEE THREE POSSIBLE SCENARIOS. AT THIS POINT THE FIRST SCENARIO SEEMS SOMEWHAT MORE PROBABLE THAN EITHER OF THE OTHERS; BUT WE WOULD STRESS THAT FOCL
SECRET

SECRET

PAGE 02 RANGOO 02525 02 OF 02 061117Z

THE YEAR AHEAD ANYWAY WE RATE THE PROBABILITY OF GUB SURVIVAL WITHOUT FUNDAMENTAL CHANGE AS GREATER THAN 50 PERCENT. (A) EITHER OF HIS OWN ACCORD OR UNDER GROWING PRESSURE FROM ARMY AND EX-ARMY ELITE, NE WIN MAY CHOOSE TO MAKE SOME FUNDAMENTAL ECONOMIC REFORMS AND ADOPT MORE LIBERAL POLICIES. CONEIVABLY THESE CHANGES COULD BE ACCOMPANIED BY HIS OWN RETIREMENT, VOLUNATARY OR (UN-LIKELY) UNDER PRESSURE FROM HIS ASSOCIATES. (B) IN CONTRAST, NE WIN COULD DECIDE THAT THE PROBLEM WITH BURMESE SOCIALISM IS THAT IT HAS NOT BEEN HARD-NOSED ENOUGHT, AND ADOPT AN ALL-OUT LEFT-WING POLICY: COLLECTIVIZATION OF AGRICULTURE, TERROR DIRECTED AGAINST "ECONOMIC SABOTEURS," ETC. (C) THERE COULD BE A COUP, MORE PROBABLY MOUNTED BY FIELD-GRADE OR EVEN JUNIOR OFFICERS OF A NEWER GENERATION THAN BY THE PRESENT GOVERING ELITE, PREOCCUPIED LESS BY THE TIRED SLOGANS OF ANTI-IMPERIALISM THAN BY CURRENT HARD ECONOMIC PROBLEMS. NONE OF THESE DEVELOPMENT WOULD NECESSARILY REVERSE BURMA'S NON-ALIVKED AND ALMOST ISOLATIONIST FOREIGN POLICY, THOUGH(A) AND (C) WOULD PROBABLY SOMEWHAT IMPORVE BURMA'S RELATIONS WITH REGIONAL NEIGHBORS, WHILE (B) WOULD ADVERSELY AFFECT RELATIONS WITH ALL BUT--PERHAPS--THE BJC AND ITS ILK.

8. ONE OF THE FEW MEASURES GUB HAS TAKEN TO COPE WITH ECONOMIC PROBLEMS HAS BEEN A SERIES OF REQUESTS TO POTENTIAL AID DONORS FOR "COMMODITY LOANS," AND THIS HAS AGAIN INCLUDED AN EXPLICIT REQUEST FOR U.S. AID. DEPUTY PRIME MINISTER U LWIN, MAIN MOTIVE FORCE WITHIN GUB PRESSING FOR ECONOMIC LIBERALIZATION, HAS URGED

THAT FAVORABLE USG RESPONSE WOULD STRENGTHEN CHANCES OF MEANINGFUL REFORM. WE DOUBT THIS, AND IN VIEW OF THE ABSENCE OF SIGNIFICANT U.S. INTERESTS IN BURMA RECOMMENDED THE NEGATIVE ANSWER WHICH HAS BEEN GIVEN TO GUB REQUEST. AT SAME TIME, LONG-RUN U.S. COMMERCIAL INTERESTS AND PROSPECTS FOR DEVELOPMENT OF BURMESE NATURAL RESOURCES IF GUB POLICY CHANGES WARRANT CONTINUED SYMPATHETIC ATTITUDE TOWARD BURMESE REQUESTS TO EXIMBANK, OCCASIONAL LOW-COST GESTURES SUCH AS OUR CONSPICUOUSLY PROMPT PROVISION OF FLOOD RELIEF MEDICAL SUPPLIES, ENLARGEMENT OF EDUCATIONAL EXCHANGE PROGRAMS, AND HUMANITARIAN AID IF AND WHEN BADLY NEEDED--E.G., RESUMPTION OF P.L. 480 TITLE II MOTHER AND CHILD HEALTH

FEED PROGRAM.

9. THERE WAS CONTINUED PROGRESS DURING PAST QUARTER IN ONE AREA OF IMPORTANCE TO USGOV NARCOTICS CONTROL. AGREEMENT FOR PRIVISION OF SECRET

SECRET

PAGE 03 RANGOO 02525 02 OF 02 061117Z

HELICOPTERS (SIC IN 1975, 12 MORE POSSIBLY TO FOLLOW) WAS SIGNED IN LATE JUNE AND AT END OF AUGUST AGREEMENT REACHED WITH BURMA AIR FORCE ON DETAILS OF CONFIGURATION AND EQUIPMENT. GUB HAS MAINTAINED MILITARY PRESSURE ON TRAFFICKING GROUPS IN NORTHEAST, MAKING SEVERAL SUBSTANTIAL SEIZURES, AND BLOCKING OTHER CARAVANS FROM REACHING THAI BORDER. AS A RESULT, OPIUM TRAFFICKERS ARE BEGINNING TO MAKE CHANGES IN THEIR OPERATING METHODS, PROCESSING OPIUM FARTHER NORTH TO REDUCE BULK BEING TRANSPORTED, AND USING PORTERS IN PLACE OF CUMBERSOMEMULE CARAVANS. SUPPLY OF HELICOPTERS AS RAPIDLY AS POSSIBLE WILL FURTHER STRENGTHEN GUB ENFORCEMENT EFFORTS.

10. IMPLICATIONS FOR U.S. THE PROSPECTS FOR BURMA, OUTLINED ABOVE, DO NOT SEEM LIKELY TO AFFECT OUR INTERESTS ADVERSELY. THE MORE PROBABLE CHANGE SCENARIOS WOULD LIKE AS NOT IMPROVE THE ECONOMIC OUTLOOK AND THEREBY PROMOTE OUR MAJOR LONG RUN INTEREST IN MUTUALLY PROFITABLE RELATIONS. BUT THE OUTLOOK IN THE ABSENCE OF FUNDAMENTAL CHANGE IS ALSO QUITE TOLERABLE. WE THUS FAVOR CONTINUATION OF OUR PRESENT POLICIES OF MODEST, LOW-COST CO-OPERATION (ESPECIALLY WHERE WE HAVE SPECIFIC INTEREST TO AT STAKE SUCH AS NARCOTICS CONTROL) WITH GUB, WITHOUT INVOLVING OURSELVES IN BURMA'S OVERWHELMING ECONOMIC AND POLITICAL PROBLEMS. OSBORN

SECRET

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NARCOTICS, DRUG CONTROL, INFLATION, GOVERNMENT REFORM, POLITICAL SITUATION, QUARTERLY REPORTS, ECONOMIC TRENDS, FOREIGN POLICY POSITION, MILITARY PLANS, FLOODS, RELIEF (ASSISTANCE), LABOR DISPUTES
Control Number: n/a
Copy: SINGLE
Draft Date: 06 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: shawdg
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974RANGOO02525
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740247-0930
From: RANGOON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740968/aaaacftl.tel
Line Count: 268
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: SECRET
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators:
Previous Classification: SECRET
Previous Handling Restrictions: n/a
Reference: RANGOON 1510
Review Action: RELEASED, APPROVED
Review Authority: shawdg
Review Comment: n/a
Review Content Flags:
Review Date: 04 MAR 2003
Review Event:
Review Exemptions: n/a
Review History: WITHDRAWN <10 JUL 2002 by boyleja, 3.4.X6>; RELEASED <04 MAR 2003 by shawdg>; APPROVED <04 MAR 2003 by shawdg>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: QUARTERLY ASSESSMENT OF TRENDS AND DEVELOPMENTS - BURMA
TAGS: PFOR, PINT, BM, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005